



# Senate

## File No. 28

General Assembly

February Session, 2004

**(Reprint of File No. 21)**

Substitute Senate Bill No. 30  
As Amended by House  
Amendment Schedule "A"

Approved by the Legislative Commissioner  
March 4, 2004

**AN ACT CONCERNING AN AUTHORIZATION OF BONDS OF THE  
STATE FOR HIGHER EDUCATION CAPITAL IMPROVEMENTS AND  
OTHER PURPOSES.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1       Section 1. (*Effective from passage*) The State Bond Commission shall  
2       have power, in accordance with the provisions of sections 1 to 7,  
3       inclusive, of this act, from time to time to authorize the issuance of  
4       bonds of the state in one or more series and in principal amounts in the  
5       aggregate, not exceeding \$195,751,390.

6       Sec. 2. (*Effective from passage*) The proceeds of the sale of said bonds,  
7       to the extent hereinafter stated, shall be used for the purpose of  
8       acquiring, by purchase or condemnation, undertaking, constructing,  
9       reconstructing, improving or equipping, or purchasing land or  
10      buildings or improving sites for the projects hereinafter described,  
11      including payment of architectural, engineering, demolition or related  
12      costs in connection therewith, or of payment of the cost of long-range  
13      capital programming and space utilization studies as hereinafter  
14      stated:

15 (a) For the Department of Public Works: Removal or encapsulation  
16 of asbestos in state-owned buildings, not exceeding \$2,500,000.

17 (b) For the Community-Technical College System:

18 (1) All Community-Technical Colleges:

19 (A) New and replacement instruction, research and/or laboratory  
20 equipment, not exceeding \$9,000,000;

21 (B) Alterations, renovations and improvements to facilities  
22 including fire, safety, energy conservation and code compliance, not  
23 exceeding \$7,050,000;

24 (C) System Technology Initiative, not exceeding \$5,000,000;

25 (2) At Asnuntuck Community-Technical College: Acquisition of and  
26 improvements to existing buildings, not exceeding \$2,400,000;

27 (3) At Housatonic Community-Technical College: Campus  
28 expansion, not exceeding \$5,665,740;

29 (4) At Manchester Community-Technical College: Campus  
30 improvements, not exceeding \$3,170,000;

31 (5) At Naugatuck Valley Community-Technical College: Additional  
32 parking, not exceeding \$2,000,000;

33 (6) At Norwalk Community-Technical College: Master plan  
34 development, not exceeding \$6,573,792;

35 (7) At Quinebaug Valley Community-Technical College: Facility  
36 development, including parking, not exceeding \$8,873,858.

37 (c) For the Connecticut State University System:

38 (1) At All Universities:

39 (A) New and replacement instruction, research, laboratory, and

40 physical plant and administrative equipment, not exceeding  
41 \$10,000,000;

42 (B) Alterations, repairs and improvements-Auxiliary Services  
43 buildings, not exceeding \$5,000,000;

44 (C) System telecom infrastructure upgrades, improvements, and  
45 expansions, not exceeding \$2,410,000;

46 (D) Land and property acquisitions, not exceeding \$2,000,000;

47 (2) At Central Connecticut State University:

48 (A) New maintenance facility/salt storage shed, not exceeding  
49 \$1,297,000;

50 (B) Alterations, renovations and improvements to facilities,  
51 including fire, safety, energy conservation and code compliance  
52 improvements, not exceeding \$3,277,000;

53 (C) New swing space classroom/office facility, not exceeding  
54 \$20,203,000;

55 (D) Various ventilation and air conditioning system improvements,  
56 not exceeding \$743,000;

57 (3) At Western Connecticut State University:

58 (A) Purchase of equipment for the new science facility, not  
59 exceeding \$3,500,000;

60 (B) Alterations, renovations and improvements to facilities,  
61 including fire, safety, energy conservation and code compliance  
62 improvements, not exceeding \$1,595,000;

63 (C) New Fine and Performing Arts Building, not exceeding  
64 \$5,792,000;

65 (4) At Southern Connecticut State University:

66 (A) Addition and renovations to Buley Library, not exceeding  
67 \$23,350,000;

68 (B) Alterations, renovations and improvements to facilities,  
69 including fire, safety, energy conservation and code compliance  
70 improvements, not exceeding \$1,584,000;

71 (C) Earl Hall various upgrades, including mechanical and electrical  
72 improvements, not exceeding \$4,273,000;

73 (D) Jennings Hall various mechanical and electrical improvements,  
74 not exceeding \$798,000;

75 (5) At Eastern Connecticut State University:

76 (A) Alterations, renovations and improvements to facilities,  
77 including fire, safety, energy conservation and code compliance  
78 improvements, not exceeding \$650,000;

79 (B) Planning for a parking garage and roadway improvements, not  
80 exceeding \$257,000.

81 Sec. 3. (NEW) (*Effective from passage*) All provisions of section 3-20 of  
82 the general statutes or the exercise of any right or power granted  
83 thereby which are not inconsistent with the provisions of this act are  
84 hereby adopted and shall apply to all bonds authorized by the State  
85 Bond Commission pursuant to sections 1 to 7, inclusive, of this act, and  
86 temporary notes issued in anticipation of the money to be derived  
87 from the sale of any such bonds so authorized may be issued in  
88 accordance with said section 3-20 and from time to time renewed. Such  
89 bonds shall mature at such time or times not exceeding twenty years  
90 from their respective dates as may be provided in or pursuant to the  
91 resolution or resolutions of the State Bond Commission authorizing  
92 such bonds.

93 Sec. 4. (*Effective from passage*) None of said bonds shall be authorized  
94 except upon a finding by the State Bond Commission that there has  
95 been filed with it a request for such authorization, which is signed by

96 the Secretary of the Office of Policy and Management or by or on  
97 behalf of such state officer, department or agency and stating such  
98 terms and conditions as said commission, in its discretion, may  
99 require.

100       Sec. 5. (*Effective from passage*) For the purposes of sections 1 to 7,  
101 inclusive, of this act, "state moneys" means the proceeds of the sale of  
102 bonds authorized pursuant to said sections 1 to 7, inclusive, or of  
103 temporary notes issued in anticipation of the moneys to be derived  
104 from the sale of such bonds. Each request filed as provided in section 4  
105 of this act for an authorization of bonds shall identify the project for  
106 which the proceeds of the sale of such bonds are to be used and  
107 expended and, in addition to any terms and conditions required  
108 pursuant to said section 4, shall include the recommendation of the  
109 person signing such request as to the extent to which federal, private  
110 or other moneys then available or thereafter to be made available for  
111 costs in connection with any such project should be added to the state  
112 moneys available or becoming available hereunder for such project. If  
113 the request includes a recommendation that some amount of such  
114 federal, private or other moneys should be added to such state  
115 moneys, then, if and to the extent directed by the State Bond  
116 Commission at the time of authorization of such bonds, said amount of  
117 such federal, private or other moneys then available, or thereafter to be  
118 made available for costs in connection with such project, may be added  
119 to any state moneys available or becoming available hereunder for  
120 such project and shall be used for such project. Any other federal,  
121 private or other moneys then available or thereafter to be made  
122 available for costs in connection with such project shall, upon receipt,  
123 be used by the State Treasurer, in conformity with applicable federal  
124 and state law, to meet the principal of outstanding bonds issued  
125 pursuant to sections 1 to 7, inclusive, of this act, or to meet the  
126 principal of temporary notes issued in anticipation of the money to be  
127 derived from the sale of bonds theretofore authorized pursuant to said  
128 sections 1 to 7, inclusive, for the purpose of financing such costs, either  
129 by purchase or redemption and cancellation of such bonds or notes or

130 by payment thereof at maturity. Whenever any of the federal, private  
131 or other moneys so received with respect to such project are used to  
132 meet the principal of such temporary notes or whenever principal of  
133 any such temporary notes is retired by application of revenue receipts  
134 of the state, the amount of bonds theretofore authorized in anticipation  
135 of which such temporary notes were issued, and the aggregate amount  
136 of bonds which may be authorized pursuant to section 1 of this act,  
137 shall each be reduced by the amount of the principal so met or retired.  
138 Pending use of the federal, private or other moneys so received to meet  
139 principal as hereinabove directed, the amount thereof may be invested  
140 by the State Treasurer in bonds or obligations of, or guaranteed by, the  
141 state or the United States or agencies or instrumentalities of the United  
142 States, shall be deemed to be part of the debt retirement funds of the  
143 state, and net earnings on such investments shall be used in the same  
144 manner as the moneys so invested.

145       Sec. 6. (*Effective from passage*) Any balance of proceeds of the sale of  
146 said bonds authorized for any project described in section 2 of this act  
147 in excess of the cost of such project may be used to complete any other  
148 project described in said section 2 if the State Bond Commission shall  
149 so determine and direct. Any balance of proceeds of the sale of said  
150 bonds in excess of the costs of all the projects described in said section  
151 2 shall be deposited to the credit of the General Fund.

152       Sec. 7. (*Effective from passage*) Said bonds issued pursuant to sections  
153 1 to 7, inclusive, of this act, shall be general obligation bonds of the  
154 state and the full faith and credit of the state of Connecticut are  
155 pledged for the payment of the principal of and interest on said bonds  
156 as the same become due, and accordingly and as part of the contract of  
157 the state with the holders of said bonds, appropriation of all amounts  
158 necessary for punctual payment of such principal and interest is  
159 hereby made, and the State Treasurer shall pay such principal and  
160 interest as the same become due.

161       Sec. 8. Subsection (a) of section 3-21 of the general statutes is  
162 repealed and the following is substituted in lieu thereof (*Effective from*

163 *passage*):

164 (a) No bonds, notes or other evidences of indebtedness for  
165 borrowed money payable from General Fund tax receipts of the state  
166 shall be authorized by the General Assembly or issued except such as  
167 shall not cause the aggregate amount of the total amount of bonds,  
168 notes or other evidences of indebtedness payable from General Fund  
169 tax receipts authorized by the General Assembly but which have not  
170 been issued and the total amount of such indebtedness which has been  
171 issued and remains outstanding to exceed one and six-tenths times the  
172 total General Fund tax receipts of the state for the fiscal year in which  
173 any such authorization will become effective or in which such  
174 indebtedness is issued, as estimated for such fiscal year by the joint  
175 standing committee of the General Assembly having cognizance of  
176 finance, revenue and bonding in accordance with section 2-35. In  
177 computing such aggregate amount of indebtedness at any time, there  
178 shall be excluded or deducted, as the case may be, (1) the principal  
179 amount of all such obligations as may be certified by the Treasurer (A)  
180 as issued in anticipation of revenues to be received by the state during  
181 the period of twelve calendar months next following their issuance and  
182 to be paid by application of such revenue, or (B) as having been  
183 refunded or replaced by other indebtedness the proceeds and  
184 projected earnings on which or other funds are held in escrow to pay  
185 and are sufficient to pay the principal, interest and any redemption  
186 premium until maturity or earlier planned redemption of such  
187 indebtedness, or (C) as issued and outstanding in anticipation of  
188 particular bonds then unissued but fully authorized to be issued in the  
189 manner provided by law for such authorization, provided, so long as  
190 any of said obligations are outstanding, the entire principal amount of  
191 such particular bonds thus authorized shall be deemed to be  
192 outstanding and be included in such aggregate amount of  
193 indebtedness, or (D) as payable solely from revenues of particular  
194 public improvements, (2) the amount which may be certified by the  
195 Treasurer as the aggregate value of cash and securities in debt  
196 retirement funds of the state to be used to meet principal of

197 outstanding obligations included in such aggregate amount of  
 198 indebtedness, (3) every such amount as may be certified by the  
 199 Secretary of the Office of Policy and Management as the estimated  
 200 payments on account of the costs of any public work or improvement  
 201 thereafter to be received by the state from the United States or agencies  
 202 thereof and to be used, in conformity with applicable federal law, to  
 203 meet principal of obligations included in such aggregate amount of  
 204 indebtedness, (4) all authorized and issued indebtedness to fund any  
 205 budget deficits of the state for any fiscal year ending on or before June  
 206 30, 1991, (5) all authorized indebtedness to fund the program created  
 207 pursuant to section 32-285, (6) all authorized and issued indebtedness  
 208 to fund any budget deficits of the state for any fiscal year ending on or  
 209 before June 30, 2002, [and] (7) all indebtedness authorized and issued  
 210 pursuant to section 1 of public act 03-1 of the September 8 special  
 211 session, and (8) any indebtedness represented by any agreement  
 212 entered into pursuant to subsection (b) or (c) of section 3-20a as  
 213 certified by the Treasurer, provided the indebtedness in connection  
 214 with which such agreements were entered into shall be included in  
 215 such aggregate amount of indebtedness. In computing the amount of  
 216 outstanding indebtedness, only the accreted value of any capital  
 217 appreciation obligation or any zero coupon obligation which has  
 218 accreted and been added to the stated initial value of such obligation  
 219 as of the date of any computation shall be included.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</i>



The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

#### **Municipal Impact:** None

#### **Explanation**

The bill as amended does the following:

1. It authorizes \$139 million in General Obligation (GO) bonds in FY 04. The interest cost to bond this amount for twenty years, assuming a 5.0% interest rate, is \$73 million.
2. It exempts approximately \$125 million in Economic Recovery Notes (ERNs) from the statutory cap on General Obligation bonds, as defined in CGS Sec. 3-21. The impact is to make approximately \$125 million of bonding capacity available for other purposes. The \$125 million in ERNs includes: (1) the FY 03 General Fund deficit (\$96.7 million), 2) the amount certified by OPM for retrospective reimbursements for the State's general assistance program for FY 04 (approximately \$27.1 million), and (3) associated debt issuance costs (approximately \$1.2 million.)

The table below summarizes the GO bond authorizations in the bill:

<b>General Obligation Bond Authorizations in sSB 30</b>		
<u>Bill Section</u>	<u>Agency/Description</u>	<u>FY 04</u>
	<b><u>Department of Public Works</u></b>	
Sec. 2(a)	Removal or encapsulation of asbestos in state-owned buildings	\$2,500,000
	<b><u>Regional Community-Technical College System</u></b>	
Sec. 2(b)(1)(A)	All Community-Technical Colleges: New and replacement	\$9,000,000

<b>General Obligation Bond Authorizations in sSB 30</b>		
<u>Bill Section</u>	<u>Agency/Description</u>	<u>FY 04</u>
	instruction, research and/or laboratory equipment	
Sec. 2(b)(1)(B)	All Community-Technical Colleges: Alterations, renovations and improvements to facilities including fire, safety, energy conservation and code compliance	\$7,050,000
Sec. 2(b)(1)(C)	All Community-Technical Colleges: System Technology Initiative	\$5,000,000
Sec. 2(b)(2)	Asnuntuck Community-Technical College - Acquisition of and improvements to existing buildings	\$2,400,000
Sec. 2(b)(3)	Housatonic Community-Technical College - Campus expansion	\$5,665,740
Sec. 2(b)(4)	Manchester Community-Technical College - Campus improvements	\$3,170,000
Sec. 2(b)(5)	Naugatuck Valley Community-Technical College - Additional parking	\$2,000,000
Sec. 2(b)(6)	Norwalk Community-Technical College - Master plan development	\$6,573,792
Sec. 2(b)(7)	Quinebaug Valley Community-Technical College - Facility development, including parking	\$8,873,858
	Subtotal	\$49,733,390
<b><u>Connecticut State University System</u></b>		
Sec. 2(c)(1)(A)	All Universities - New and replacement instruction, research, laboratory and physical plant and administrative equipment	\$10,000,000
Sec. 2(c)(1)(B)	All Universities - Alterations, repairs and improvements at Auxiliary Services buildings	\$5,000,000
Sec. 2(c)(1)(C)	All Universities - System telecom infrastructure upgrades, improvement, and expansions	\$2,410,000
Sec. 2(c)(1)(D)	All Universities - Land and property acquisition	\$2,000,000
Sec. 2(c)(2)(A)	Central Connecticut State University - New maintenance facility/salt storage shed	\$1,297,000
Sec. 2(c)(2)(B)	Central Connecticut State University - Alterations and improvements to facilities, including fire, safety, energy conservation and code compliance improvements	\$3,277,000
Sec. 2(c)(2)(C)	Central Connecticut State University - New swing space classroom/office facility	\$20,203,000
Sec. 2(c)(2)(D)	Central Connecticut State University - Various ventilation and air conditioning system improvements	\$743,000
Sec. 2(c)(3)(A)	Western Connecticut State University - Purchase of equipment for the new science facility	\$3,500,000
Sec. 2(c)(3)(B)	Western Connecticut State University - Alterations, renovations and improvements to facilities including fire, safety, energy conservation and code compliance improvements	\$1,595,000
Sec. 2(c)(3)(C)	Western Connecticut State University - Fine and Performing Arts Building	\$5,792,000

<b>General Obligation Bond Authorizations in sSB 30</b>		
<u>Bill Section</u>	<u>Agency/Description</u>	<u>FY 04</u>
Sec. 2(c)(4)(A)	Southern Connecticut State University - Addition and renovations to Buley Library	\$23,350,000
Sec. 2(c)(4)(B)	Southern Connecticut State University - Alterations, renovations and improvements to facilities, including fire, safety, energy conservation and code compliance improvements	\$1,584,000
Sec. 2(c)(4)(C)	Southern Connecticut State University - Earl Hall various upgrades including mechanical and electrical improvements	\$4,273,000
Sec. 2(c)(4)(D)	Southern Connecticut State University - Jennings Hall various mechanical and electrical improvements	\$798,000
Sec. 2(c)(5)(A)	Eastern Connecticut State University - Alterations, renovations and improvements to facilities, including fire, safety, energy conservation and code compliance improvements	\$650,000
Sec. 2(c)(5)(B)	Eastern Connecticut State University - Keelor Hall demolition	\$257,000
	<b>Subtotal</b>	<b>\$86,729,000</b>
	<b>Net General Obligation Bond Increase</b>	<b>\$138,962,390</b>
	<u><b>Additional Language</b></u>	
Sec. 8	The Economic Recovery Notes authorized during the September 8, 2003 Special Session are exempted from the General Obligation bond cap.	

House "A" deletes \$56.8 million in GO bond authorizations for the following two projects at Eastern Connecticut State University: (1) a science building, and (2) alterations, renovations and improvements to the south electrical loop.

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**OLR Amended Bill Analysis**

sSB 30 (As Amended by House "A") \*

***AN ACT CONCERNING AN AUTHORIZATION OF BONDS OF THE  
STATE FOR HIGHER EDUCATION CAPITAL IMPROVEMENTS  
AND OTHER PURPOSES***

**SUMMARY:**

This bill authorizes state general obligation bonds for asbestos abatement projects in state buildings and for capital projects for the community-technical colleges and Connecticut State University. It applies the state's standard term, approval, and issuance procedures and requirements to the bonds and their proceeds.

The bill exempts the economic recovery notes authorized in 2003 from the state's statutory debt limit. The General Assembly authorized the five-year notes to fund (1) the FY 2002-03 General Fund deficit and (2) the estimated costs of repaying remaining medical bills for State Administered General Assistance and General Assistance recipients incurred before changes in medical assistance for such recipients required by legislation implementing the current state budget.

\*House Amendment "A" eliminates authorizations for two projects at Eastern Connecticut State University: (1) up to \$55,874,000 for a new science building and (2) up to \$915,000 for facility renovations, alterations, and improvements.

EFFECTIVE DATE: Upon passage

**BACKGROUND**

***Statutory Debt Limit***

With some exceptions, the state's total debt payable from General Fund revenue cannot exceed 1.6 times the total General Fund revenue for the fiscal year in which the debt authorization is effective or the debt is issued. The debt limit must be calculated using the General Fund revenue estimates for each fiscal year. The law requires the

Finance, Revenue and Bonding Committee to adopt the estimates, which must be included in the state budget.

***Legislative History***

On March 3, the Senate adopted, and the House subsequently rejected, Senate Amendment "A," which (1) authorized up to \$49 million in special tax obligation bonds for road resurfacing and related reconstruction projects, (2) redirected three prior authorizations for Gateway Community-Technical College to the implementation of a master plan to consolidate the college's two campuses, and (3) increased fees for original issue motor vehicle operator's licenses and two-year license renewals for senior citizens. The House passed the bill, as amended by House "A," also on March 3.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 38      Nay 1